

Message Text

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APPROVED BY PM:MR.STERN

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FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

INFO USMISSION NATO

AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

C O N F I D E N T I A L STATE 266053

E.O. 11652: GDS

TAGS:MPOL, MASS, NATO, US, BE, FR

SUBJECT: BELGIAN ARMORED PERSONNEL CARRIER PROCUREMENT

1. ON NOVEMBER 5, ROBERT MALOTT (CHAIRMAN OF THE BOARD AND PRESIDENT) AND EMILE NIELSEN (EXECUTIVE VICE PRESIDENT) OF FMC CORPORATION CALLED ON THE DEPUTY SECRETARY TO DISCUSS THEIR COMPANY'S EFFORTS TO WIN BELGIAN ORDER FOR ARMORED PERSONNEL CARRIER (APC). REPORTEDLY, BELGIANS PLAN TO PURCHASE APPROXIMATELY 1,200 APC'S IN 1979-80 TIMEFRAME
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AT A COST IN EXCESS OF \$200 MILLION. COMPETITION IS BE-

TWEEN FMC'S M-113 TOGETHER WITH THE ARMORED INFANTRY FIGHTING VEHICLE (AIFV) AND FRENCH APC'S IN AMX SERIES. WE KNOW OF NO OTHER US CANDIDATES THAT MIGHT BE IN THE RUNNING.

2. ACCORDING TO FMC REPS, GOB WILL MAKE DECISION ON NEW APC BASED ON: (1) COMPENSATION, (2) MILITARY PERFORMANCE, (3) COST, IN THAT ORDER. WHILE BOTH PERFORMANCE AND COST OF US VEHICLES ARE CLAIMED TO BE SUPERIOR, COMPENSATION PRESENTS A PROBLEM. GOB HAS INDICATED THAT COMPENSATION NEED NOT BE LIMITED TO APC PRODUCTION SHARING, BUT MIGHT INCLUDE OFFSET PURCHASES BY COMPANY AS WELL.

3. FMC REPS APPRECIATE POLITICAL DIFFICULTIES ASSOCIATED WITH GOB SELECTION OF US APC CANDIDATE IN WAKE OF F-16 SALE. THEY ALSO UNDERSTAND DISTINCTION BETWEEN GOVERNMENT TO GOVERNMENT NATURE OF F-16 CASE AND THE COMPANY TO GOVERNMENT APPROACH IN THE APC CASE. FMC REPS DID NOT REQUEST USG ASSISTANCE ON COMPENSATION. FMC REPS STATED THAT EMBASSY HAD BEEN VERY HELPFUL IN PROVIDING ADVICE, BUT THAT ADDITIONAL EMBASSY SUPPORT MIGHT BE HELPFUL TO ENSURE THAT FMC OFFER IS GIVEN FAIR CONSIDERATION.

4. EMBASSY SHOULD CONTINUE TO PROVIDE NORMAL FACILITATIVE ASSISTANCE TO FMC IN LOW-KEY MANNER. SHOULD AN APPROPRIATE OPPORTUNITY PRESENT ITSELF, YOU MAY POINT OUT TO GOB THAT WE HOPE THAT FMC BID ON APC'S WILL BE JUDGED ON ITS MERITS, AND THAT, SINCE GERMANY, ITALY, DENMARK, THE NETHERLANDS, GREECE, AND TURKEY ALL USE M-113, IN ADDITION TO US FORCES STATIONED IN EUROPE, A BELGIAN DECISION TO PROCURE THIS VEHICLE WOULD BE CONSISTENT WITH NATO STANDARDIZATION EFFORTS. KISSINGER

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